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THE AIR FORCE NEEDS TO EXERCISE MORE CONTROL OVER EQUIPMENT AUT--ETC(U)

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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Secretary Of The Air Force

The Air Force Needs To Exercise More Control Over Equipment Authorizations

Air Force has a reasonable management system to authorize equipment, but at locations GAO visited, lack of emphasis on monitoring and validating equipment authorizations has weakened critical systems controls. Internal Air Force tests show similar problems exist elsewhere in the force. GAO recommends increased attention to monitoring and validation and suggests alternative ways to do this.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

PROCUREMENT, LOGISTICS,
AND READINESS DIVISION

B-208171

The Honorable Verne Orr
The Secretary of the Air Force

Dear Mr. Secretary:

This report discusses the Air Force system for establishing equipment authorizations and recommends improvements needed to make the system work as designed. We discussed a draft of this report with Air Force officials and have incorporated their comments, where appropriate, throughout the report.

The report contains recommendations to you on pages 9 and 15. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

In addition to the above committees, we are sending copies of this report to the House and Senate Committees on Armed Services; the Director, Office of Management and Budget; and the Secretary of Defense.

Sincerely yours,

Donald S. Horan
Director

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GENERAL ACCOUNTING OFFICE
REPORT TO THE SECRETARY OF
THE AIR FORCE

THE AIR FORCE NEEDS TO
EXERCISE MORE CONTROL OVER
EQUIPMENT AUTHORIZATIONS

D I G E S T

The Air Force equipment management system helps managers efficiently equip individual units and develop effective budget and procurement plans for the billions of dollars in equipment needed to support Air Force installations and major weapon systems. Although the system is properly designed, it is not working as intended--inadequate training of key personnel and cost-reduction efforts have curtailed the effectiveness of built-in controls. As a result, the system is not ensuring that approved authorizations reflect valid needs.

The Air Force identifies equipment requirements through an allowance and authorization process. First, the Air Force Logistics Command publishes tables of allowances which establish limits on the equipment that individual units may use. Then, major commands refine the allowances into equipment authorizations tailored to each unit's specific needs. Authorizations established through this process designate not only the equipment that units are permitted to have on hand but also the confirmed requirements that the Air Force considers in its budget and procurement decisions.

GAO reviewed the Air Force authorization process to see if it ensures that units are properly equipped and that requirements used in the Air Force's budget and procurement programs are valid. Other factors also affect the equipment that the Air Force ultimately decides to buy, but GAO concentrated on the authorization process because of its fundamental effect on the success of the Air Force's entire equipment management program. Most GAO work was done at only two Air Force bases, but internal Air Force reports indicate that the conditions GAO found exist at other Air Force bases.

INADEQUATELY VALIDATED EQUIPMENT
AUTHORIZATIONS

Base supply offices play an important role in the Air Force's authorization process. As representatives of their respective commands, supply offices are responsible for validating equipment authorizations requested by individual units. At the bases GAO visited, however, approved equipment authorizations exceeded both the allowance limits and the actual needs of some units. At Langley Air Force Base, Virginia, for example, allowances limited a maintenance squadron to two test stands, but the squadron had been authorized three of the \$77,000 engine test stands. At Carswell Air Force Base, Texas, a unit was authorized a \$1,400 piece of equipment for a radar set which the unit did not have. (See pp. 4 to 6.)

Both Air Force reports and GAO's review indicate that supply offices' reluctance to assume validation functions and the lack of adequate training and expertise to verify equipment requirements have hindered base supply offices in carrying out their critical validation role. For example, a recent Inspector General report on supply activities at Strategic Air Command bases cited inadequate training of both supply office personnel and equipment custodians as the most frequently found deficiency. (See pp. 7 and 8.)

THE AIR FORCE EQUIPMENT MANAGEMENT SYSTEM
NEEDS BETTER MONITORING AND FEEDBACK

Another key design feature of the Air Force system is continuous surveillance to ensure that authorizations are revised as requirements change or as previously authorized equipment is found to be either excessive or insufficient. In the past, the Air Force extensively used onsite surveys to provide this surveillance. In recent years, however, cost-reduction efforts have reduced the number of surveys the Air Force performs. The importance of onsite monitoring is reflected in the results of the limited surveys conducted in 1980: more than \$26 million in invalid authorizations were identified, although only 8 of the 11 Air Force major commands conducted surveys. (See pp. 11 and 12.)

Base supply offices are also responsible for monitoring equipment authorizations and for revising the authorizations when allowances change. However, training deficiencies in the supply offices were also weakening this control feature at the bases GAO visited. (See p. 12.)

The Air Force equipment management system also requires that commands in the field provide the feedback needed to keep allowances current. However, the Air Force Logistics Command does not always receive the information it needs to decrease allowances that have become excessive. (See pp. 13 and 14.)

RECOMMENDATIONS

GAO recommends that the Secretary of the Air Force direct the major commands to improve the validation and monitoring of equipment authorizations by

- providing the oversight needed to ensure that (1) supply offices carry out their validation and monitoring roles and (2) the Air Force Logistics Command receives the feedback needed to keep allowances current,
- providing the training and assistance that base supply offices need to validate equipment authorizations, and
- increasing the number of onsite surveys of equipment authorizations. (See pp. 9 and 15.)

AGENCY COMMENTS AND GAO'S EVALUATION

The Air Force reviewed this report and concurred with GAO's recommendations. After GAO fieldwork was completed, the Air Force reinstituted mandatory onsite surveys by the major commands' equipment management teams. GAO believes this change in policy is a major step toward providing the recommended increase in onsite surveillance.

The Air Force expressed concern over the limited scope of GAO's review, the lack of emphasis given to the small error rate found at Carswell, and what they believed to be an overly strong

criticism of the Air Force's equipment management system. GAO believes the scope of the work is adequately highlighted and notes that internal Air Force reports indicate that problems similar to those found at Langley and Carswell exist at other locations. Regarding the low error rate at Carswell, GAO believes that the underlying control weaknesses still found there could result in recurrence of the previously noted high error rates. Specific Air Force comments and corrective actions have been incorporated into the report where appropriate.

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CHAPTER 1

INTRODUCTION

The Air Force's support equipment inventory is enormous in both size and importance. In October 1981 Air Force units had nearly \$14 billion invested in radios, generators, vehicles, and the thousands of other equipment items needed to operate and maintain the Air Force installations and major weapon systems. Accurately identifying the equipment these units need is an awesome but essential task if the Air Force is to operate effectively: this information is necessary to prepare budget requests and procurement plans, and to use as a basis for equipping individual units. If equipment needs are not accurately identified, the Air Force may waste millions of dollars acquiring and maintaining unneeded assets or, worse, shortages may prevent the Air Force from accomplishing its defense mission.

The management system that the Air Force uses to identify equipment requirements is complex. Among other things, the system must forecast the support equipment needed for new weapons systems, assess the effect of organizational changes, and compute replacement factors for aging equipment. However, the process used to authorize equipment for individual units is the most important part of the system. It is during this process that requirements are established for each Air Force unit. 1/

KEY FEATURES OF THE AIR FORCE'S AUTHORIZATION PROCESS

The process that the Air Force uses to authorize equipment is designed around three key features: (1) strong central controls to ensure that authorizations are based on coordinated policies and plans, not individual commanders' views, (2) sufficient flexibility within commands to ensure that authorizations are tailored to each unit's specific needs, and (3) continuous surveillance to ensure that authorizations are revised as requirements change or as previously authorized equipment is found to be either excessive or insufficient.

The Air Force Logistics Command is responsible for translating policies, concepts, and other requisites into tables of allowances, which establish limits on the equipment that units may be

1/The terms "requirements" and "authorizations" are often used interchangeably in the Air Force; they both denote the minimum equipment that will permit a unit to accomplish its mission. However, authorizations is the official term used to designate both the equipment that units are permitted to have on hand and the reported requirements that Air Force managers use in developing budget and procurement plans.

authorized. Each major command is then responsible for refining these allowances into equipment authorizations that are tailored to individual units' needs. The major commands and their constituent units are also responsible for the continuous monitoring and feedback needed to assure that equipment allowances and authorizations remain valid.

These design features permit the Air Force to identify its equipment requirements with reasonable accuracy, provided assigned responsibilities are actually carried out. Chapters 2 and 3 of this report discuss weaknesses in the authorization process and improvements that are needed to make the process work as designed.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in this review was to determine whether the Air Force's authorization process ensures that (1) individual units are efficiently equipped and (2) requirements used in the service's budget and procurement program are valid. Our intention was not to independently determine the equipment that Air Force units should be authorized but to determine whether the system ensures that equipment authorizations are based on valid needs. If authorized equipment did not appear justified, the determination was based on Air Force standards.

We recognize that other factors--such as available resources--affect both the equipment that units actually use and the net requirements that ultimately influence budget and procurement decisions. However, our review concentrated on the authorization process because of its fundamental importance and pervasive effect on the Air Force's equipment management program.

We worked at two primary locations: Langley Air Force Base, Virginia, headquarters of the Tactical Air Command; and Carswell Air Force Base, Texas, a Strategic Air Command base. We also obtained information from Offutt Air Force Base, Nebraska, headquarters of the Strategic Air Command; and the Air Logistics Center at Robins Air Force Base, Georgia, where equipment allowances are developed.

Because we limited our review to the process the Air Force uses for establishing and revising equipment authorizations, we did not determine the actual effect that invalid authorizations have had on the Air Force's budgeting and procurement programs or mission capabilities. Although our review was concentrated at only two bases and two major commands, we do not believe that the conditions we found are unique. Air Force studies and audits have found similar conditions at other bases and commands.

To evaluate the effectiveness of the Air Force's system, we (1) reviewed the Air Force's efforts to establish, validate, and monitor equipment authorizations, (2) interviewed Air Force personnel to determine how they carry out their responsibilities, (3) reviewed related reports prepared by Air Force audit and management teams, and (4) checked selected equipment authorizations.

The review was performed in accordance with our "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

We found relatively few errors in the authorizations that we reviewed at Carswell, but we believe that the basic control weaknesses still warrant attention. Our approach was analytical, not statistical, and we therefore identified examples of invalid authorizations only to illustrate systemic problems, not to precise the extent to which problems exist. Moreover, our review closely followed a Strategic Air Command survey that found an abnormally high error rate at Carswell. Also, an Air Force representative told us that as a result of the survey, authorizations at the base were unusually accurate at the time of our visit. Significantly, the underlying problems that the survey team identified were similar to the problems that we found during our review.

CHAPTER 2

INADEQUATELY VALIDATED EQUIPMENT AUTHORIZATIONS

One of the most important roles in the Air Force's equipment authorization process is assigned to base supply offices. As representatives of their respective major commands, these offices are responsible for validating equipment authorizations requested by individual units. However, the supply offices at the bases that we visited had approved authorizations for equipment that exceeded both the allowances and the actual needs of their units. Air Force audit and survey teams have frequently found similar conditions at other bases. In 1980 alone, relatively few surveys by teams from the major commands identified more than \$26 million in invalid equipment authorizations.

IMPORTANCE OF VALIDATING AUTHORIZATIONS

Tables of allowances provide Air Force headquarters a means of controlling equipment authorizations. Although the Air Force Logistics Command is responsible for publishing the allowance tables, it relies heavily on the advice of both the contractors that build the systems and the commands responsible for developing and using the systems. In addition, the command must also assure, among other things, that the equipment recommended by these other parties is compatible with items already in the supply system and that the prescribed allowances are consistent with the Air Force's policy of equipping units as economically as possible. The finished products--the tables of allowances--thus represent a coordinated effort to determine the maximum equipment that any unit may need to efficiently carry out its mission. However, allowances do not represent confirmed requirements or grant individual units the authority to requisition and retain equipment. Instead, allowances serve as guidelines and constraints that major commands and their subordinate commands must use in authorizing equipment.

The commands may authorize only equipment which is within a unit's allowance and which is needed to meet a verified need. Inclusion in an allowance table does not necessarily justify authorizing an item of equipment; the need for the item must be verified. The importance of this verification lies in the fact that requirements can vary significantly among similar types of units. For example, two F-15 squadrons may have different equipment needs because of variations in their respective missions. It is through the verification process that such differences are identified and allowances are refined into authorizations tailored to each unit's specific needs.

Some authorizations are established directly by the major commands. If, for example, the Tactical Air Command determines that an allowed equipment item is essential for certain types of

units, the command may direct that the item be included in the units' authorizations. Generally, however, the units use their designated allowance tables as shopping lists to select the equipment that they believe is essential to their missions. The units must then request that their base supply offices approve the selected items as authorized equipment.

It is at this point that the critical validation of equipment authorizations must occur. The base supply offices must confirm that the units have both an allowance and a need for the requested items. If both of these checks are not made, a crucial control designed to prevent unjustified equipment authorizations is bypassed.

APPROVED AUTHORIZATIONS EXCEED ALLOWANCES

The base supply offices that we visited were approving equipment authorizations that exceed the limits prescribed in allowance tables. Allowance tables do require some interpretation. For instance, they often contain footnotes and codes that must be used to determine the exact allowances for a given unit. They also state allowed quantities as "basis of issue;" for example, one item allowed for every five aircraft. Nevertheless, verifying that a requested item is within a unit's allowance is a relatively simple check that should be easily accomplished. Yet, at both of the bases we visited, units were authorized equipment that exceeded their allowances.

In some cases approved authorizations were based on inappropriate allowance tables. At Carswell Air Force Base, for instance, a \$15,000 trailer was authorized on the basis of an allowance table for the T-38, a type of aircraft that is not assigned to Carswell. Similarly, units at Langley Air Force Base were authorized equipment under allowance tables for aircraft not assigned to Langley. The Air Force equipment management system is highly automated but lacks the computer-edit capability to automatically reject such authorizations "justified" by invalid allowance tables.

In other cases authorizations were based on appropriate allowance tables but exceeded the allowed quantities. For example, the allowances designated for a maintenance squadron at Langley prescribed a maximum of two engine test stands, but the squadron was authorized three of the items, thereby overstating its requirements and unnecessarily inflating its inventory by \$77,000. If there had been a valid requirement for the third stand, the squadron could have requested through its major command that the allowance be increased--an appeal process that is built into the Air Force system to ensure that operating capabilities are not arbitrarily degraded by unrealistic allowances.

When authorizations are approved for excessive equipment, the unnecessary expenses incurred are not limited to procurement costs. Additional expenses must be incurred to maintain or store the excess items and, in some cases, other support equipment must be acquired to operate and maintain the items.

APPROVED AUTHORIZATIONS BASED
ON UNVERIFIED NEEDS

A related and even more significant problem is that base supply offices are not adequately verifying that a valid need exists before approving authorizations for allowed equipment. Allowances are not tailored to the unique needs of individual units. A specific need must be identified and validated for each allowed item of equipment before an authorization may be approved. As mentioned earlier, this identification and validation can be done directly by the major commands. A command may order, for example, that authorizations be established for all allowed items the command considers essential for wartime deployment. Generally, however, specific needs are first identified at the user level. Since the views of individual users may reflect parochial interests, Air Force policy requires that base supply offices verify that a valid need exists before an equipment authorization is established.

At the bases we visited this critical control built into the Air Force equipment management system was not adequately carried out. Personnel at the base supply offices told us they did not have the expertise to verify requirements and therefore merely established authorizations for any allowed items requested by unit commanders. Headquarters Air Force officials, however, stated their belief that even though base supply personnel may not be technical experts, the personnel were not using all management tools and technical advice already available to them.

Because there are various reasons why a unit may not need its full equipment allowance, each allowance should be validated before it becomes an approved authorization. The following examples illustrate the point.

First, allowances are predicated on the maximum equipment needed to support a variety of items. A unit that does not have a peacetime or wartime need to operate or maintain one of the items used in computing the allowance obviously does not need the support equipment for that item. Yet, authorizations are sometimes granted for just such equipment. At Carswell, for instance, a unit was authorized a \$1,400 item to support a radar set which the unit did not have. The unused support item remained in storage.

Second, allowances sometime include duplicate items for two or more tasks when, in fact, a unit's workload may permit only one of the items to be used for multiple tasks. For example, a repair shop at Langley was authorized two transistor testers, but when we questioned whether the shop's workload justified both items, shop personnel acknowledged that only one was needed. After our inquiry, the shop turned in the excess tester, thus reducing its authorization by \$600. A similar situation at Carswell involved five duplicate electronic test equipment items valued at \$4,000; both the shop personnel and local command officials agreed that only one of each item was needed.

SPECIAL ALLOWANCES ARE USED IMPROPERLY

Units sometimes need equipment for short periods or special purposes that do not warrant adding the items to an allowance table. In some cases temporary retention of nonessential equipment may be more cost effective than transferring or disposing of the items. To accommodate such situations, the Air Force Logistics Command has established special allowances to supplement the tables prepared for a specific weapon system or base-support function. At the bases we visited, however, these allowances were being improperly used to acquire and retain equipment. For example, as a result of a nearby installation closure, the Tactical Air Command's headquarters at Langley obtained a \$500 television set through an allowance which is used only for retaining items that are temporarily excess. The command used the same allowance to justify microfilm equipment valued at \$9,900. At Carswell, items valued at \$82,000 were being retained under another special allowance intended only for equipment loans of 6 months or less. At the time of our review, these items had been on hand for almost a year.

TRAINING PROBLEMS UNDERMINE VALIDATION EFFORTS

Officials at both Langley and Carswell told us that shortages of trained personnel have prevented their supply offices from properly validating equipment authorizations. A related problem reported by Air Force survey teams is the inadequate training of equipment custodians responsible for initiating authorization requests. Among others, a recent Air Force Inspector General report on supply activities at Strategic Air Command bases cited inadequate training for both equipment custodians and supply office personnel as the most frequently found deficiency. In 1980 the Inspector General's office cited training deficiencies in a document used to inform commanders of issues that concern the Air Force's operational effectiveness. The document stated that:

"* * * it was surprising to discover, during a recent inspection, that most officers and NCOs [noncommissioned officers]--and most equipment custodians--did not understand how to use tables of allowance * * *."

Officials in the supply offices we visited also pointed out that their staffs do not have the technical knowledge needed to verify equipment requirements. The Air Force has taken two steps to assist the supply offices. It has provided technical advisors to help validate requirements that are beyond the supply offices' expertise. And it has instructed individual units to file technical data with their supply offices for use in the verification process. At the most elementary level, the data includes the number of end-items, such as aircraft or radar sets, that the unit is supporting.

We found, however, that the supply offices we visited did not customarily use their technical advisors and, in some cases, did not have the required technical data on file. One official told us that the technical advisors are often the same people who initiated the request for an equipment authorization and thus are viewed merely as "rubber stamps." At both of the bases we visited, technical data on file in the supply offices was either inaccurate or unused. For example, the primary aircraft assigned to Carswell are B-52s and KC-135s, yet the local supply office did not have an accurate count of assigned aircraft for either model. Such information is essential to verify the basis of issue computations used in determining requirements for support equipment.

A previous Air Force decision has reportedly affected its ability to validate authorizations. Formerly, Air Force bases had equipment management offices, staffed by equipment specialists. As an efficiency measure, however, the Air Force eliminated these offices during the 1970s and merged part of their duties with those of the base supply offices. In so doing, some Air Force officials at the field level told us that the service lost the expertise possessed by these specialists and, coincidentally, the Air Force's ability to validate authorizations at the base level. Other officials, at the headquarters level, disagreed with this opinion and pointed out that the same types of equipment specialists are now employed in the base supply offices, although with fewer experienced enlisted personnel and officers than were formerly assigned to the equipment offices. The headquarters officials also pointed out that the cost reductions were not aimed at equipment offices alone--the reductions affected overall supply organizations.

Even so, the supply offices we visited appeared reluctant to assume the critical validation role now assigned to them. Some of the supply personnel told us that their role was supply management, not equipment management, and that the proper place to determine requirements is at the unit level where the expertise is, not in their offices.

CONCLUSIONS

On paper the Air Force's equipment management system appears capable of ensuring that individual units are efficiently equipped and that only valid requirements are used in developing the Air Force's budget and procurement plans. However, at the bases we visited, the system was not working as designed.

The effectiveness of the system is predicated on authorizations being established only for equipment that is within designated allowances and supported by valid needs. The system relies on base supply offices to ensure that these conditions are met before authorization requests are approved. Yet, we found that supply offices are not adequately verifying that approved authorizations are justified by either prescribed allowances or actual needs.

The problem has apparently stemmed in part from shortages of supply personnel who are not only well trained in the more routine aspects of their jobs--such as interpreting allowance tables--but have the experience and the technical data needed to assess some of the more complex equipment requirements. Other contributing factors appear to be the supply offices' reluctance to assume the validation role formerly assigned to base equipment offices and the fact that not all major commands are adequately ensuring that the supply offices actually carry out their assigned tasks. We also believe that the Air Force Logistics Command may be able to provide the supply offices automated assistance through computer tests to detect authorizations based on inappropriate allowance tables.

The Langley and Carswell supply offices weakened the equipment authorization process at their installations by not fully carrying out their critical validation role. Moreover, Air Force reports indicate that similar problems at other bases may be affecting equipment authorizations throughout the Air Force. As a result, we believe the Air Force is not ensuring that individual units are efficiently equipped or that requirements used in its budget and procurement programs are valid.

RECOMMENDATIONS

We recommend that the Secretary of the Air Force direct the major commands to improve their validation of equipment authorizations. Specifically, we recommend that the Secretary direct the appropriate commands to

- provide the oversight needed to assure that the validation role assigned to the supply offices is actually carried out;
- provide the training, expertise, and technical data that base supply offices need to validate equipment authorization requests; and
- consider modifying existing computer-edit capability to also detect authorizations based on inappropriate allowance tables.

AGENCY COMMENTS AND OUR EVALUATION

Air Force officials concurred with our recommendations. However, they believe that the limited scope of our review does not necessarily indicate that the conditions found at Langley and Carswell are prevalent throughout the Air Force. We agree. But, we also believe that internal Air Force reports indicate that problems similar to the ones we found at Langley and Carswell exist at other Air Force bases.

Air Force officials also told us they believe the report strongly implies that the Air Force's management system is not capable of efficiently authorizing equipment. As pointed out in the report, we believe the system is adequately designed, but improvements are needed to make the system work as intended.

Air Force officials also indicated that not enough emphasis was given to the relatively few errors found in authorizations at Carswell. However, we believe the report properly concentrates on weaknesses in the way the system is being implemented at Carswell--weaknesses similar to those that resulted in the Strategic Air Command reporting a high error rate at Carswell shortly before our visit.

CHAPTER 3

THE AIR FORCE EQUIPMENT MANAGEMENT

SYSTEM NEEDS BETTER MONITORING AND FEEDBACK

The effectiveness of the Air Force equipment management system depends to a large degree on continuous monitoring and refinement of allowances and authorizations. Errors must be corrected, adjustments must be made in response to evolving conditions, and estimates must be revised as new information becomes available.

The Air Force attempts to keep allowances and authorizations accurate through a combined surveillance effort involving several levels of command. For example, major commands are expected to conduct onsite surveys to verify that their units are authorized only essential equipment. Base supply offices are responsible for ensuring that equipment authorizations are promptly revised when dictated by allowance changes. Unit commanders are responsible for initiating changes in their authorized equipment when an assigned function is revised or eliminated. And all three of these levels are required to provide the feedback that the Air Force Logistics Command needs to keep its allowance tables accurate. However, at the bases and commands we visited, monitoring and feedback efforts fell short of the continuous surveillance designed into the Air Force equipment management system.

ONSITE SURVEYS REDUCED

Previously, Air Force headquarters, major commands, and the now-defunct base equipment offices each conducted periodic onsite surveys to verify, among other things, that units were authorized the minimum equipment needed to perform their missions. In recent years, however, efficiency measures have caused severe reductions in onsite surveys. Surveys by teams from Air Force headquarters have been terminated, surveys by major commands have been made optional, and base equipment offices have been eliminated.

The Air Force began requiring major commands to conduct periodic surveys after a General Accounting Office report in the early sixties criticized the Air Force's equipment management policies. Reportedly, the survey program was highly effective until cost-reduction measures led to its decline during the seventies. A 1979 Tactical Air Command memorandum addressing the reduction in onsite surveys noted that " * * * we, the Air Force, are about to again reap what we have allowed to grow--mismanagement of requirements and assets, failure to document, failure to comply with directives, etc." In the following year the Strategic Air Command reported that it had recently found an average of \$112,000 in unauthorized equipment at several of its bases. In response, the Air Force Logistics Command noted that not only were utilization

surveys no longer mandatory but that virtually every "hands-on" technique previously used to monitor equipment practices had been eliminated. The command concluded that unless the trend was reversed *** it may be necessary to live with a reduced level of visibility, accountability, and control over equipment assets."

Teams from the Air Force Audit Agency and the Inspector General offices do conduct periodic onsite surveys related to equipment. However, these surveys are often directed at specific issues, such as operational readiness, and thus do not always include detailed assessments of units' equipment authorizations.

The results of recent surveys conducted by command management teams have supported the importance of on-the-spot monitoring. Surveys conducted in 1980 alone resulted in authorizations being reduced by more than \$26 million. As a result, nearly \$17 million in equipment was turned in and more than \$6 million in requisitions were canceled. Perhaps more important, the surveys also identified more than \$11 million in essential equipment that had been omitted from units' authorizations. The significance of the surveys' results is underscored by the fact that only 8 of 11 major Air Force commands conducted surveys in 1980.

Although the frequency of surveys can vary widely among commands, the two commands we visited attempt to survey each of their bases every 18 to 24 months. However, they are not always able to meet even this liberal schedule. For example, the Tactical Air Command was able to complete only 11 of the 19 surveys it had scheduled for fiscal years 1980 and 1981. Both commands have acknowledged the importance of frequent surveys but have also noted that budget constraints limit the number of surveys they can perform. In 1979, however, one Air Force equipment manager estimated that \$10 to \$15 in reduced authorizations and canceled requisitions could be returned for every dollar spent on command level surveys.

In addition to their onsite surveys, the commands conduct "desk-top" audits of units' requirements. At the Tactical Air Command, these reviews have been largely limited to authorizations for mobility equipment, vehicles, and war reserve materiel. Reviews of nonmobility and base support equipment have generally been done on a spot-check basis but have still produced significant results. For example, a recent review found \$135,000 in audio-visual equipment authorizations that exceeded the units' maximum allowances. Desk-top audits have also been used successfully at the Strategic Air Command. In 1980 the command used the technique to eliminate more than \$2.4 million in unnecessary authorizations and to detect more than \$571,000 in previously unidentified requirements.

ALLOWANCES AND AUTHORIZATIONS ARE
NOT KEPT CURRENT

Each month the Air Force Logistics Command publishes hundreds of changes to its allowance tables, increasing and decreasing the equipment that units are allowed to use. It is essential that previously established equipment authorizations be modified to reflect these changes. When an allowance is reduced, for instance, a unit previously authorized the maximum quantity must return the newly excess items and have its authorization reduced accordingly. Conversely, newly allowed items may have to be added to the unit's authorization if the unit is to maintain its operational capability.

To ensure that these changes are made, the supply offices are required to compare each group of monthly allowance changes with the authorization records of affected units. However, the supply offices at Langley and Carswell frequently fail to make the required changes to their units' equipment authorizations. The office at Carswell does not even attempt to perform the required monthly comparison of allowance changes and authorizations. The office at Langley makes the comparison, but the ultimate results fall short of the quality control called for by Air Force policy. For example, we reviewed 25 authorizations and found that more than 28 percent either had not been updated or had been updated incorrectly. Moreover, officials at the Air Force Logistics Command told us that they frequently receive requests for allowance increases that have already been made, indicating that allowance changes are not being implemented in the field.

Internal Air Force reports have stressed both the importance of updating authorizations and the fact that local supply offices are not making the necessary revisions. In March 1981 a survey team from the Strategic Air Command's headquarters criticized the Carswell supply office for not performing the monthly updates needed to keep authorizations current. Five months later, an Inspector General report noted the same deficiency. Other 1981 reports cited similar problems at other bases.

Officials at both Langley and Carswell told us that shortages of trained personnel have prevented their supply offices from doing the analysis needed to keep authorizations within current allowance limits.

Unneeded allowances not reported

The Air Force Logistics Command is responsible for continually refining equipment allowances. The changes may range from a minor revision in a single line-item quantity to a comprehensive review of an entire allowance table. In either event, the command relies on feedback from the field to identify needed changes. Air Force regulations therefore stress the need for all levels of command to recommend needed changes in their allowance tables.

In fact, the Logistics Command does receive many requests to revise allowances--nearly 9,000 in 1980. However, officials at the command told us that most of these requests are to increase allowances and that they receive relatively few requests to decrease or delete equipment allowances when the need for an item is reduced or terminated. Headquarters Air Force officials, however, told us that data received at headquarters indicate sufficient feedback from the field to correct overstated allowances.

Only major commands may request allowance changes, but the basis for their requests can originate at lower levels. For instance, unit commanders are expected to request a decrease in their authorized equipment whenever a need is reduced or eliminated. The base supply office is then supposed to evaluate the request and, if warranted, convert it to a request for the major command's approval to decrease the applicable allowance. If the command concurs, the request is forwarded to the Logistics Command for consideration. In fact, the units often fail to provide sufficient details for the supply office to determine whether applicable allowances can be reduced. They merely note that an item is no longer required. For example, one unit's justification for requesting that a \$600 item be deleted from its authorization was a cursory "no longer required" statement. After our inquiry, the unit amended the statement to add the more useful information that another, less expensive item already on hand could do the job better.

CONCLUSIONS

The Air Force recognizes the need for continuous surveillance of allowances and authorizations and has thus designed monitoring and feedback functions into its equipment management system. However, both efficiency measures and key participants' failure to fully carry out assigned responsibilities have curtailed these monitoring and feedback functions. Surveys by Air Force headquarters and base equipment offices have been eliminated, and the relatively infrequent surveys conducted by the major commands do not provide the constant surveillance Air Force policy requires. Other Air Force groups, such as audit and Inspector General teams, also conduct onsite surveys, but their efforts do not always include detailed reviews of units' equipment authorizations. Desk audits conducted by the commands are valuable tools for monitoring authorizations, but they cannot provide the same oversight that on-the-spot surveys can provide. Nor can they fully compensate for the base supply office's failure to revise equipment authorizations when dictated by allowance changes.

Inadequate feedback from the field to the Air Force Logistics Command is perhaps best described as a partial problem. Apparently, there is no shortage of requests to increase allowances that have been found to be understated. Reportedly, however, the command does not receive sufficient feedback on allowances that are found to be overstated.

We acknowledge the magnitude of the task that the Air Force faces in accurately identifying its total equipment requirements. We also realize that a system of the size and complexity needed to accomplish the task is unlikely to ever be error-free. However, it is the very magnitude of the task--in both dollars and importance--that makes it imperative for the system to operate as effectively as possible. Even relatively minor errors have a significant impact on the Air Force's financial and readiness conditions. The types of problems we found are not minor, and they indicate that the Air Force system is not identifying requirements at Langley and Carswell with the accuracy it was designed to achieve. They also indicate that Air Force units at these bases are not equipped as efficiently as possible and that, as a result, questionable data is being used in the Air Force's budget and procurement programs. Because of the limited scope of our review, we do not know the extent to which inaccurately identified requirements are affecting the Air Force. However, internal Air Force reports show that the problems we found at Langley and Carswell are not unique and that similar problems may exist at other Air Force bases.

RECOMMENDATIONS

We recommend that the Secretary of the Air Force direct the major commands to increase onsite monitoring of equipment authorizations. Alternative means of increasing monitoring include surveys conducted by the existing command management teams or designating the validation of authorizations as an item to be covered during other types of surveys, such as those conducted by the Air Force Audit Agency and the Inspector General offices.

We also recommend that the Secretary direct the major commands to ensure that base supply offices promptly revise equipment authorizations when allowances change and that the Air Force Logistics Command receives the feedback needed to keep allowances current.

AGENCY COMMENTS AND OUR EVALUATION

Air Force officials agreed with our recommendations but told us they believed increased onsite monitoring should be through the surveys made by the major commands' equipment management teams. They also told us that, since our fieldwork was completed, Air Force policy has been revised to again make such surveys mandatory, although prescribed intervals for the surveys have not been established. We believe that the Air Force's decision to reinstitute mandatory surveys by the command management teams is a major step toward providing the increased surveillance called for in our recommendation. However, we believe the Air Force should further prescribe specific, reasonably frequent intervals within which the surveys are to be conducted.

Headquarters officials told us that they believe there is sufficient feedback from the field to correct overstated allowances. As noted in this report, however, officials at the Air Force Logistics Command, where allowances are monitored and revised, told us that they need more feedback from the field to ensure that overstated allowances are promptly decreased. We have incorporated the additional headquarters views in the body of this report where appropriate.

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